

ABAG FINANCE AND PERSONNEL COMMITTEE

Thursday, March 18, 2010, 5:00 p.m.
ABAG Conference Room
MetroCenter—8th and Oak Streets
Oakland, CA

<u>Est. Time in Minutes</u>		<u>Recommendation</u>
	1. Call to Order	
2	2. Public Comments	Information
3	*3. Minutes of the January 21, 2010 Meeting	Action
5	*4. Financial Reports – ABAG <i>The December 2009 and January 2010 Financial reports are enclosed with the agenda packet.</i>	Action
3	*5. ABAG Support to the Bay Area Council Economic Institute (BACEI) <i>As described in the attached staff memo, Executive Board's approval is requested for financial support to BACEI for FY 2010-2011.</i>	Action
2	*6. Process for Performance Evaluation of Legal Counsel <i>Committee will discuss and decide on proposed process.</i>	Action
5	7. Informational Report Regarding the Air District's Exploration of a Regional Agencies Headquarters <i>An oral report to the Committee will be provided.</i> THE FOLLOWING ITEMS WILL BE DISCUSSED IN CLOSED SESSION PURSUANT TO THE REQUIREMENTS OF THE RALPH M. BROWN ACT.	Information
15	8. Conference with Legal Counsel—Existing Litigation <i>Home Builders Association of Northern California vs ABAG</i>	Information
20	9. Public Employee Performance Evaluation <i>Title: Executive Director</i> <i>Materials for this item will be mailed under separate cover.</i>	Action
	Adjournment	Action
10.		
*	Attachments enclosed with packet.	
**	The Committee may take action on any item on the agenda, which action may be the recommended action, any other action or no action.	

TO: Finance and Personnel Committee

DT: February 26, 2010

FM: Herbert Pike, Finance Director

Re: Financial Reports
--December 2009

The following are highlights of the financial reports for December 2009.

Cash on Hand (Figure 1)

Cash on hand decreased to \$0.94 million on December 31 from \$1.98 million on November 30. The decrease is largely attributed to the payment of the prior year OPEB obligation to CalPERS (\$565 thousand) and payoff of the mortgage on ABAG's space at the MetroCenter. The December balance includes approximately \$0.54 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The December 31 cash balance is approximately \$155 thousand less than the prior year, the latter being attributed to an increase in the percentage of personnel costs attributed to leave usage compared to the prior year, as well as a slight portion of salaries charged to overhead as opposed to billable grant projects.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$3.28 million on December 31, an increase of \$267 thousand from the month prior. The increase results from primarily to the suspension of overhead reimbursement pending CalTrans audit review. Compared to December 31 of the year prior, the total reflects a decrease of approximately \$440 thousand.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses through December 31 amounted to about \$8.35 million, or 36.29 percent, of projected annual expenses of \$23.01 million for FY 09-10.

Actual vs. Budgeted Revenues (Figure 10)

At December 31, total revenues amounted to about \$8.10 million, or 35.36 percent, of projected annual revenue of \$22.91 million for FY 09-10.

As of December 31, both revenues and expenses are below "projected" annual totals. While revenues and expenditures might be expected to be 50 percent after the first six months of the new fiscal year, they are less than projections, largely due to the timing of consultant and sub-contractor expenses that lag in getting the billings in for the work performed and, consequently, getting billed and reimbursed for completed work. This "lag" often results in consultant and sub-contractor expenses accelerating in the second half of the year as many projects approach completion.

Fund Equity (Figure 5)

As of December 31, general fund equity was approximately \$805 thousand, an increase of \$1 thousand from November 30. The Agency's restricted fund equity, consisting of capital, self-insurance and building maintenance, remained unchanged at \$510 thousand.

Indirect Cost (Figure 6)

The agency's actual indirect cost (overhead) rate was 44.43 percent of direct labor cost as of December 31, or about 1.48% above the budgeted rate of 42.95 percent for FY 09-10. Most of the excess charges are due to revised allocations of employees' time between Agency Administration/Communications and General Overhead. These issues have been identified and rates are expected to further converge toward the expected rate over the next several months.

Overall (Figures 3, 4, 7 & 8)

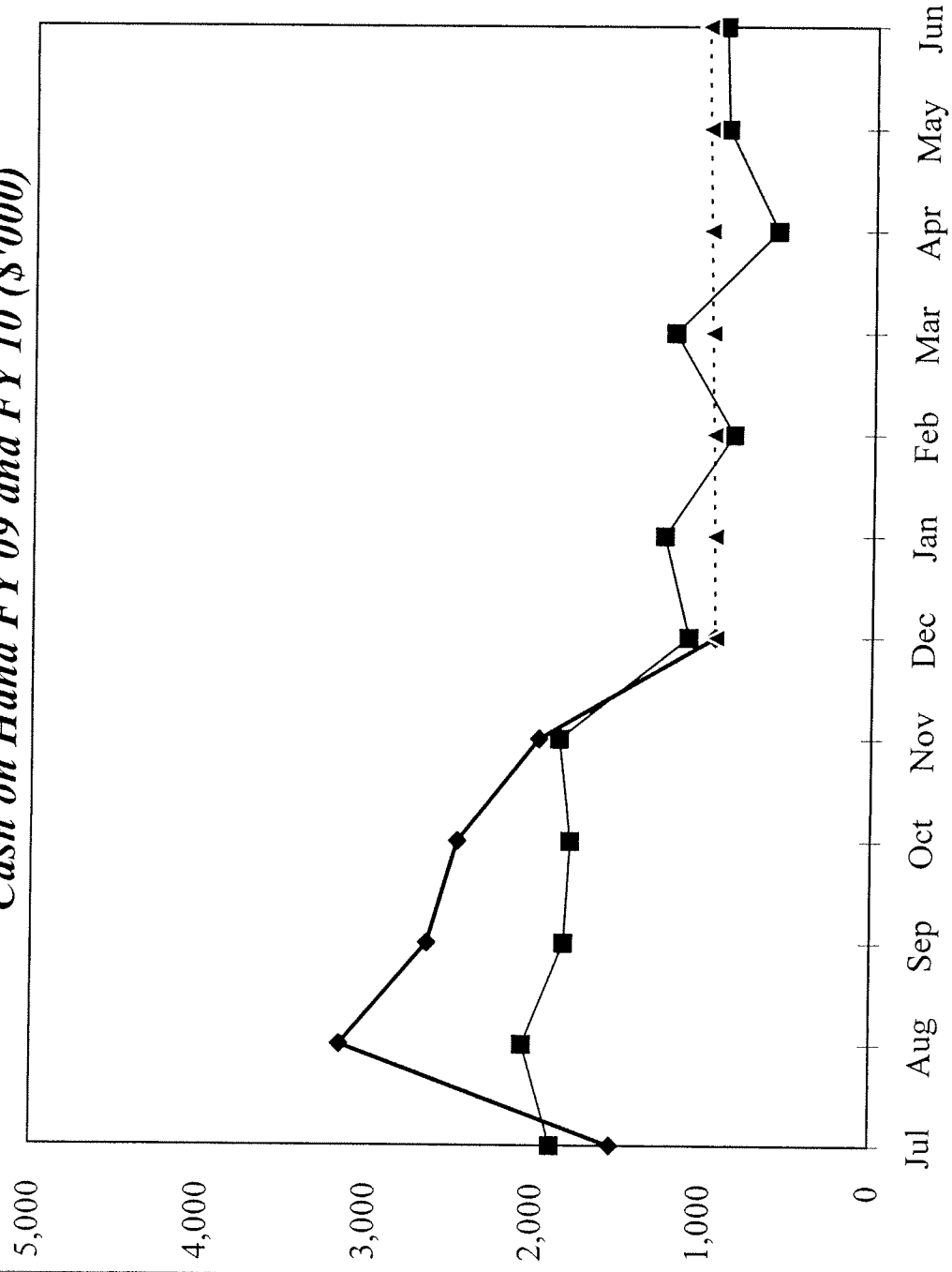
At December 31, the Agency's net financial position is reasonably close to forecast with a deficit of roughly \$248 thousand, or 3.06 percent of year-to-date revenues. Cash on hand and fund balance both reflect decreases that will need to be addressed in the new calendar year. Contributing to the rebound in the second half of the fiscal year is the relative reduction in vacation and holiday leave; in other words, a greater percentage of labor costs becomes billable to grants.

ABAG FINANCIAL REPORTS

Table of Contents

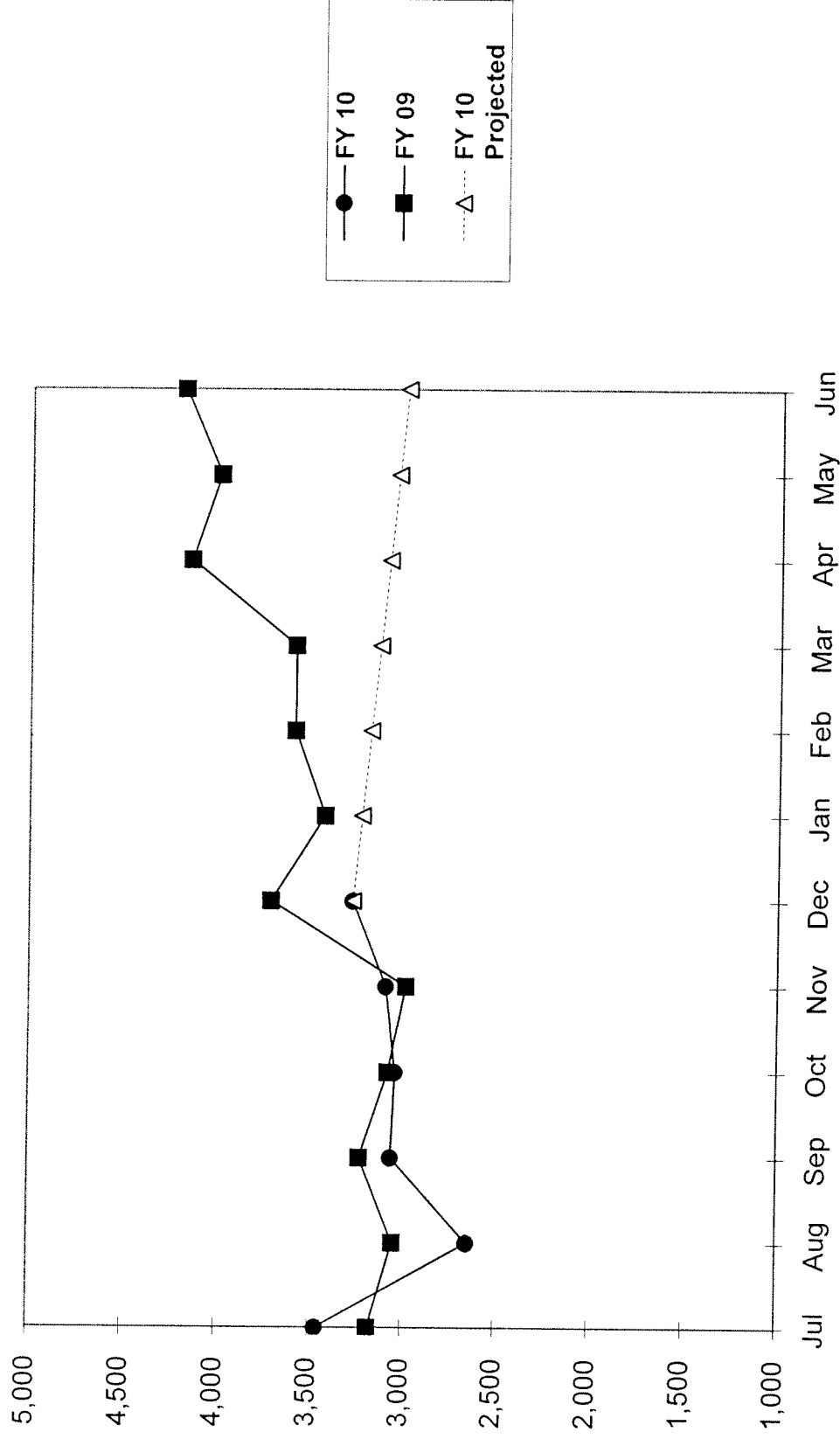
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* Composition of Expenses	Figure 7
* Composition of Revenues	Figure 8
* Actual vs. Budgeted Expenses	Figure 9
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* Description of Charts	

ABAG Financial Indices *Cash on Hand FY 09 and FY 10 (\$'000)*



ABAG Financial Indices

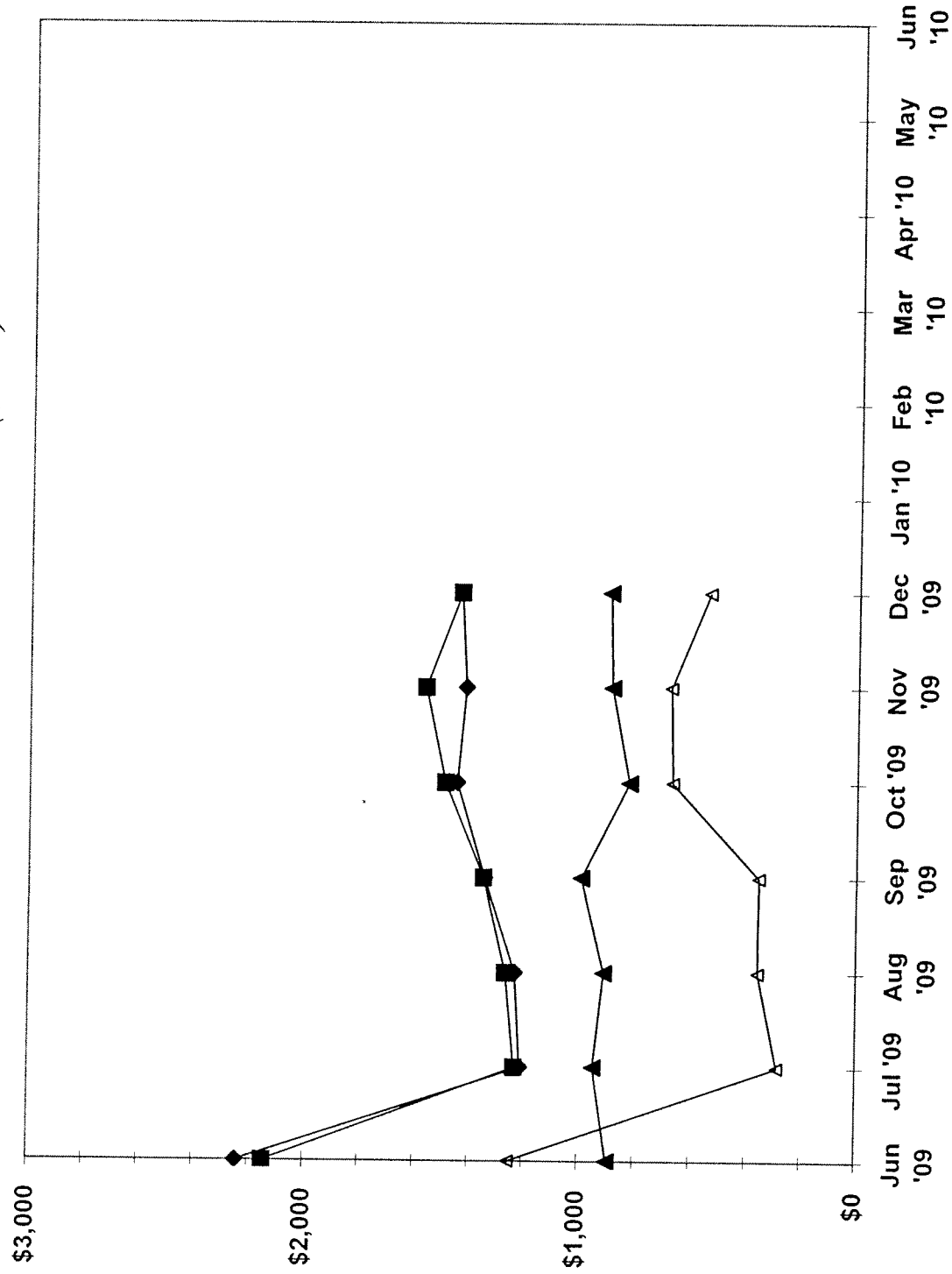
Accounts Receivable FY 09 and FY 10 (\$'000)



ABAG Financial Indices

Current Month Revenues & Expenses

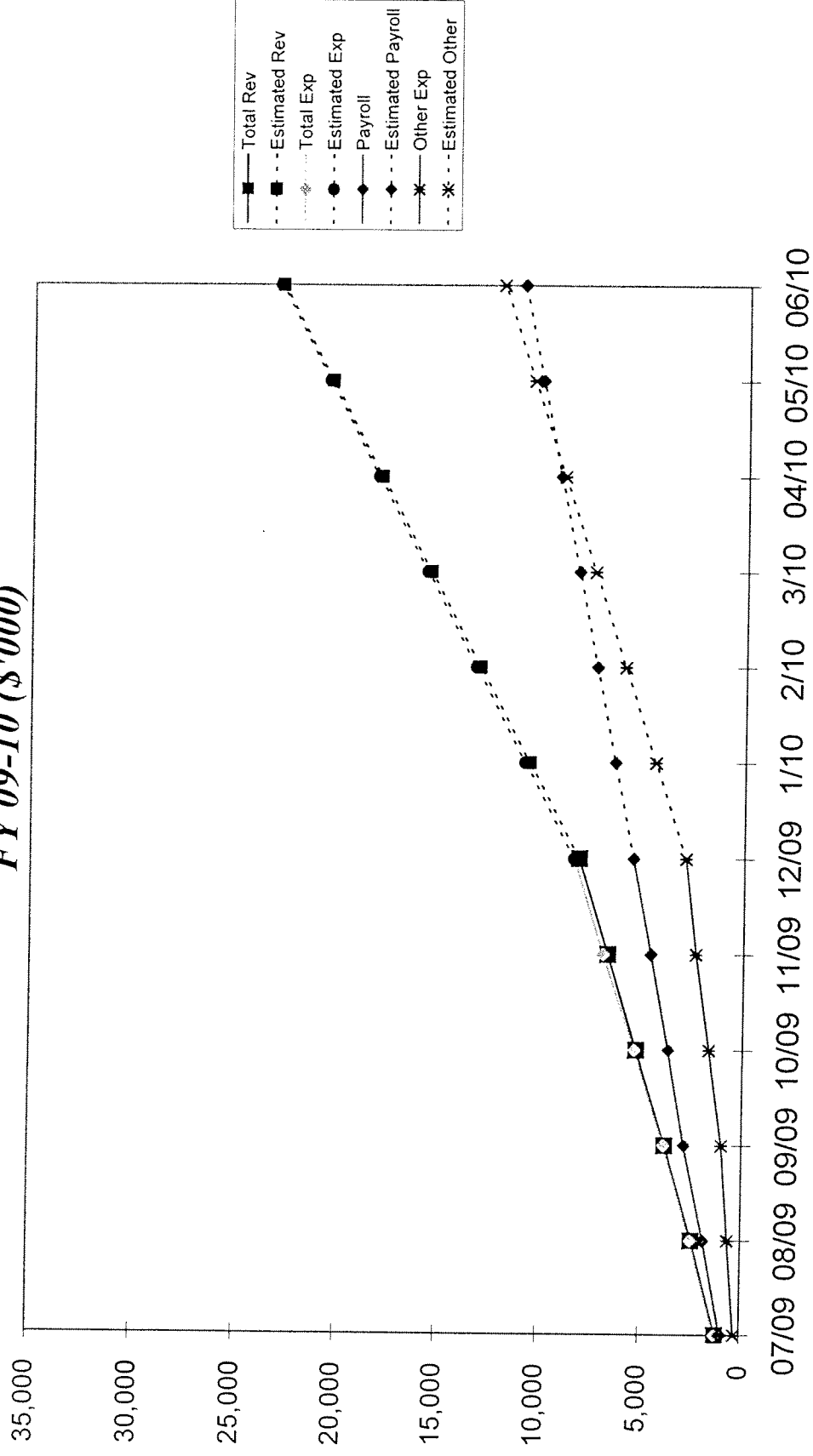
FY 09-10 (\$'000)



ABAG Financial Indices

Year-to-date Revenues & Expenses

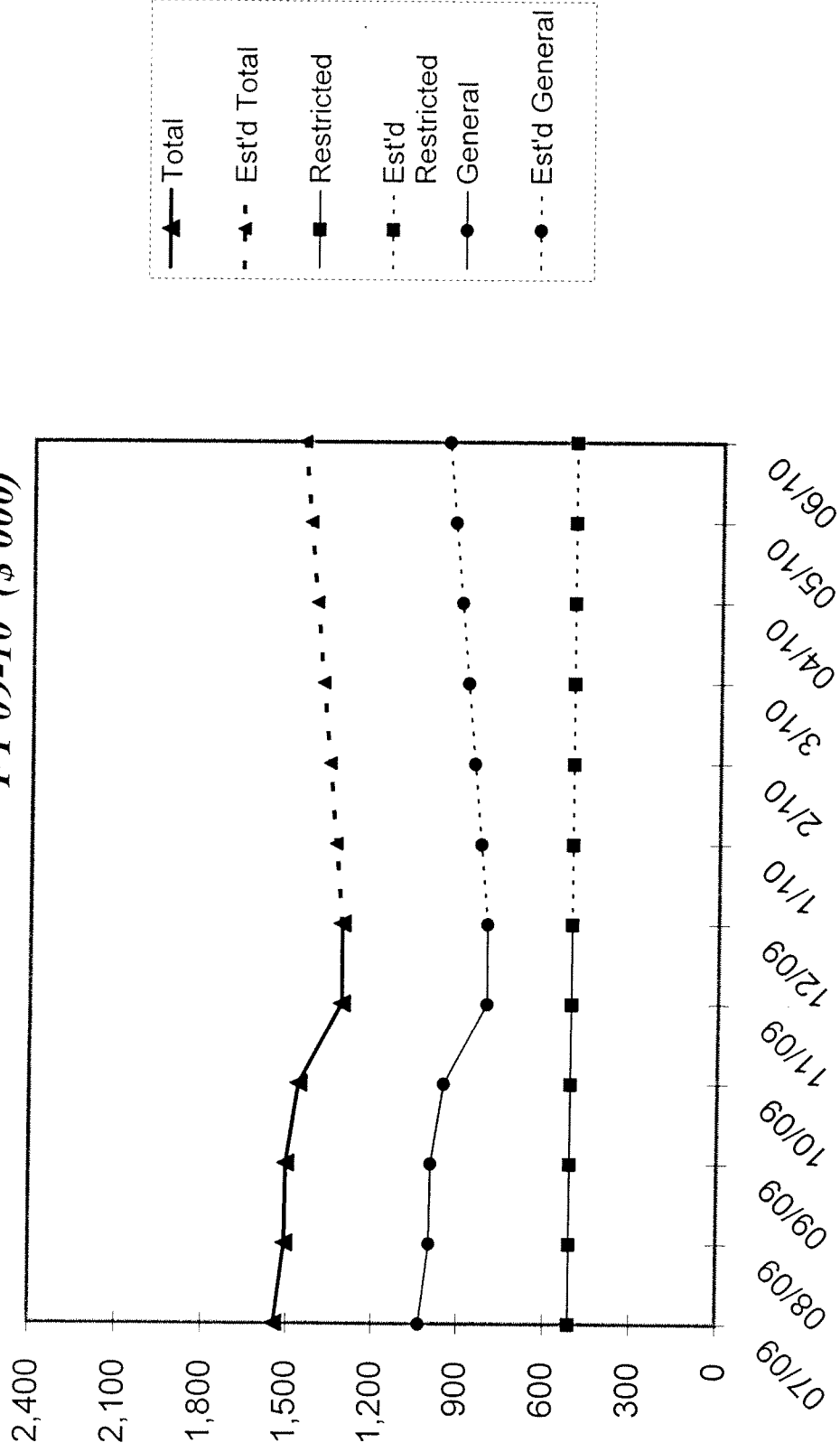
FY 09-10 (\$'000)



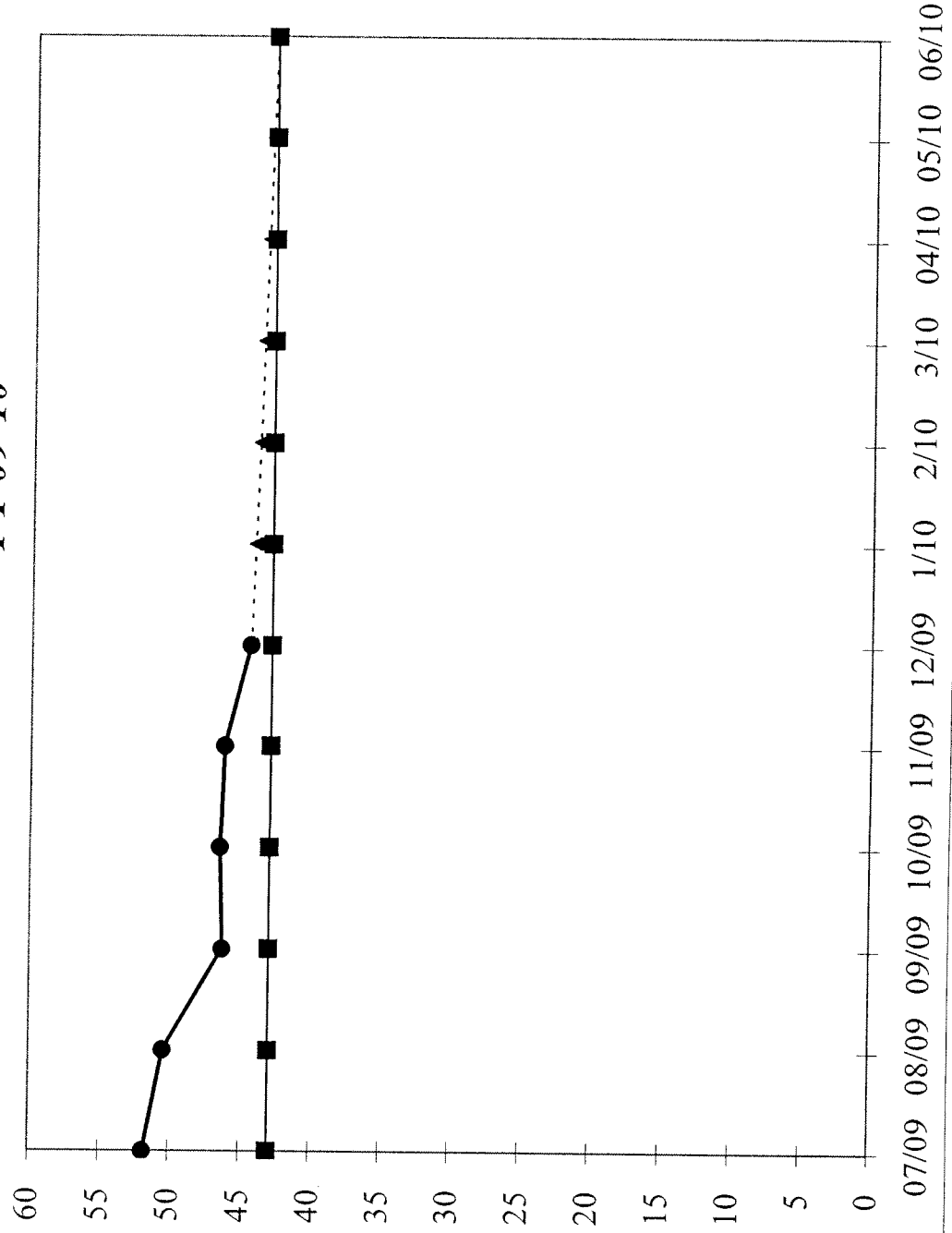
ABAG Financial Indices

Fund Equity

FY 09-10 (\$'000)



ABAG Financial Indices *Indirect Cost Rate (% of Direct Labor Cost)* **FY 09-10**

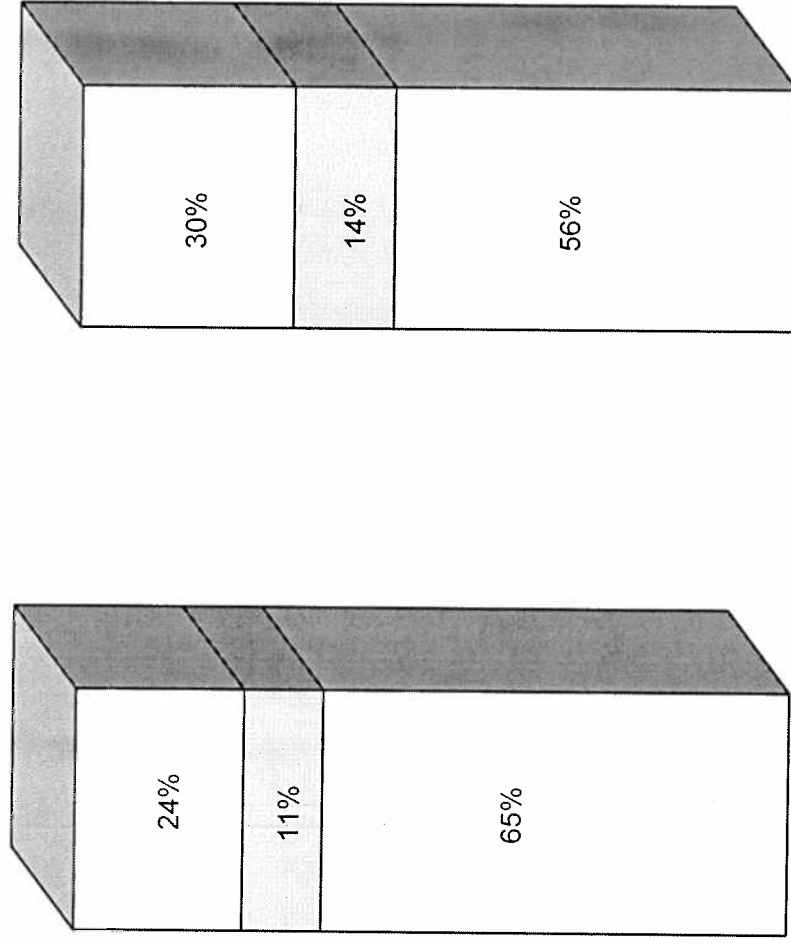


ABAG Financial Indices

Composition of Expenses FY 09--FY 10

Year to Date

(\$'000)



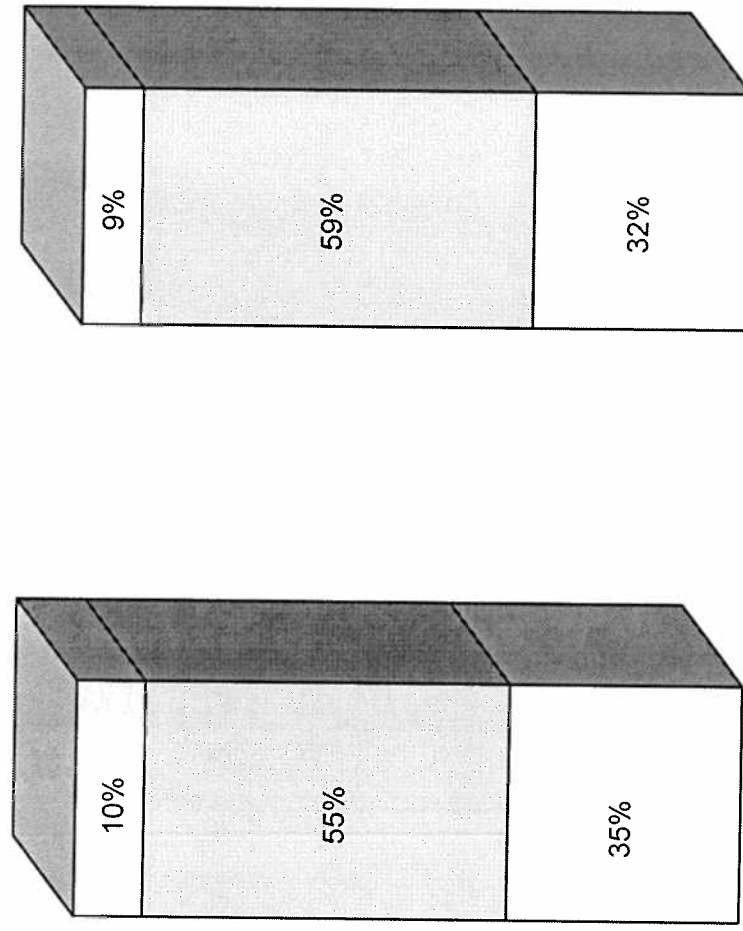
	FY09-10 Expenses (Total \$8,349)	FY08-09 Expenses (Total \$9,261)
□ Consultants	\$1,961	\$2,743
□ Others	\$924	\$1,307
□ Payroll	\$5,464	\$5,211

ABAG Financial Indices

Composition of Revenues FY 09--FY 10

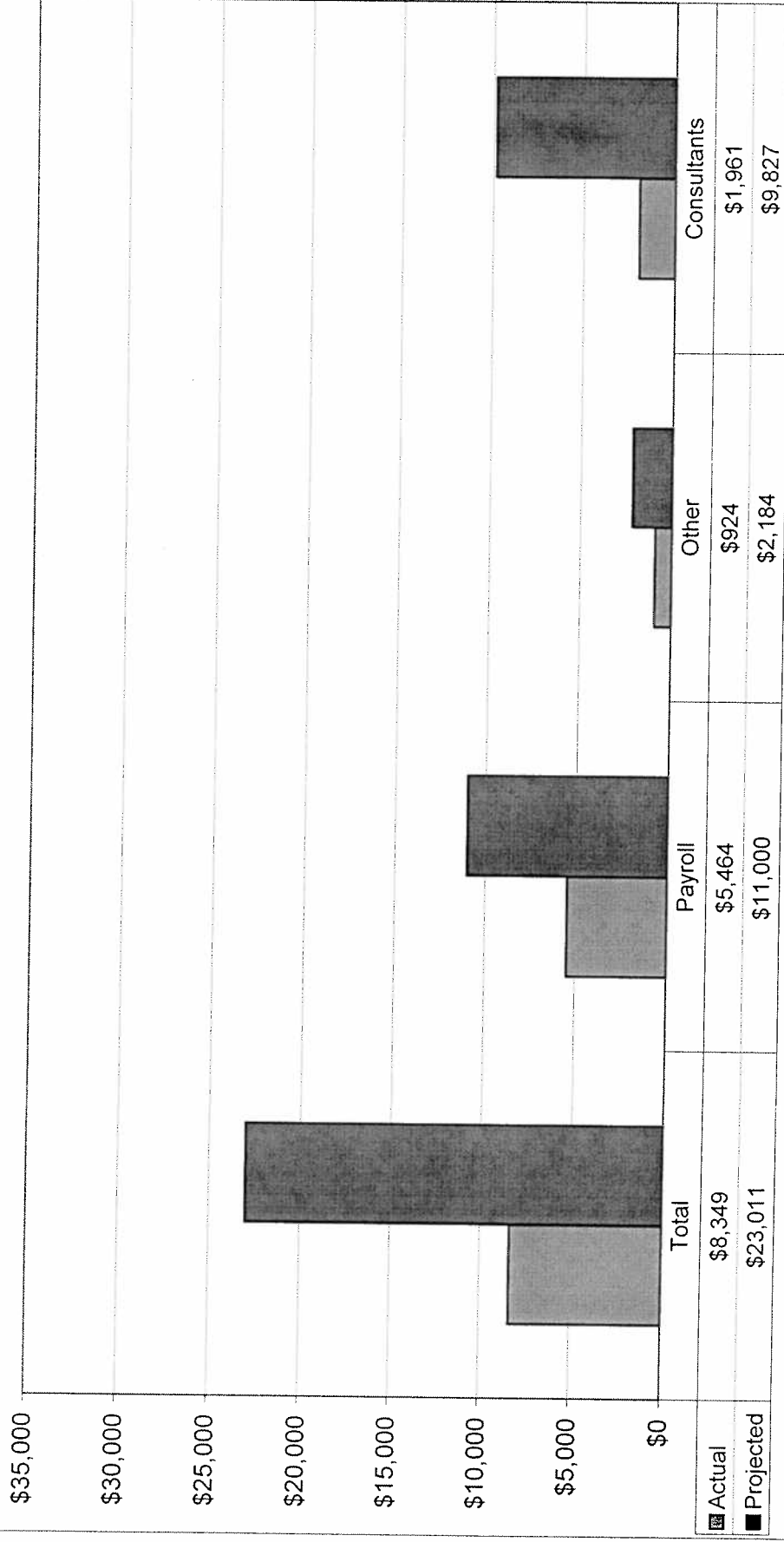
Year to Date

(\$'000)

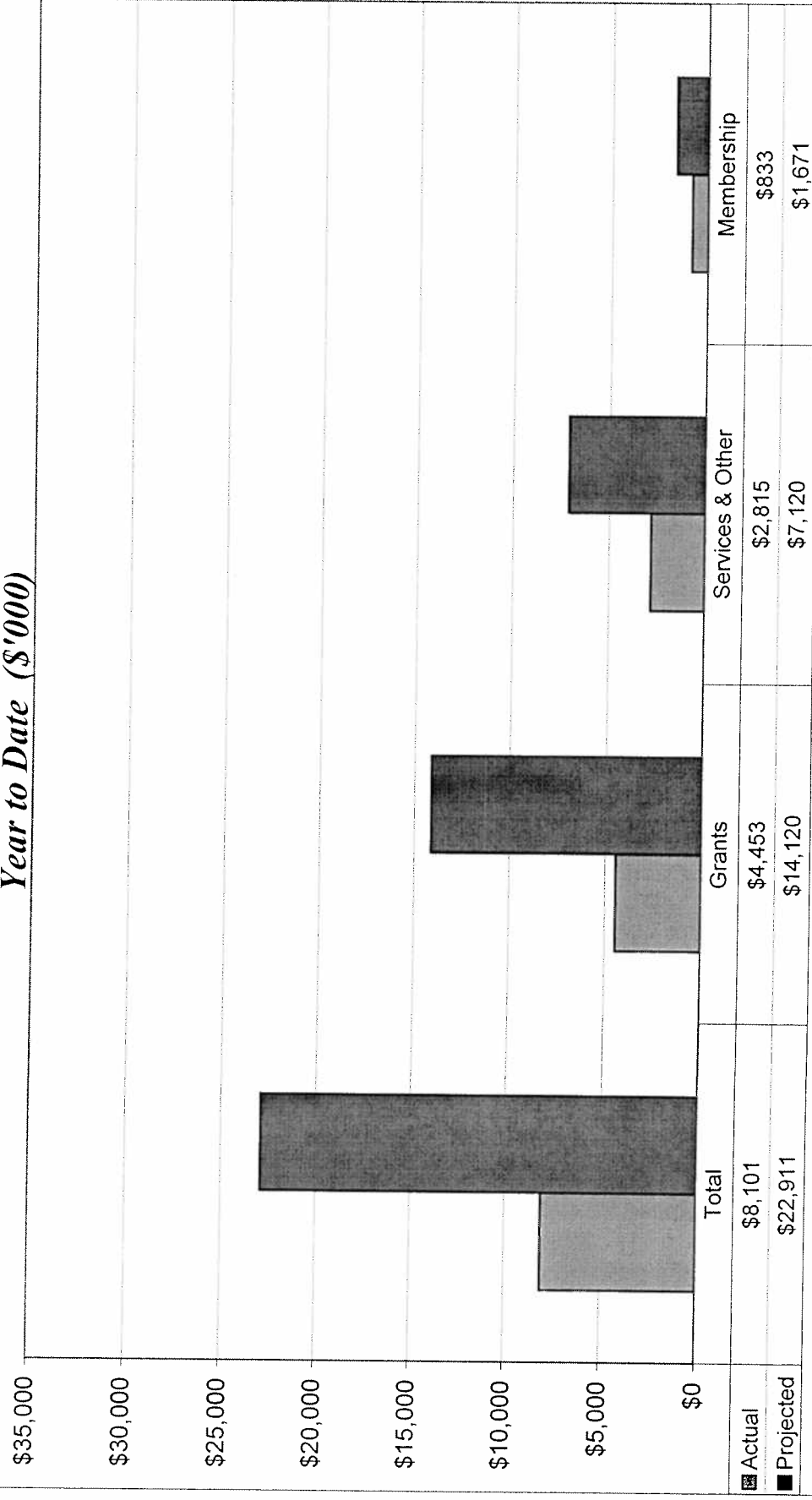


	FY 09-10 Revenue (Total \$8,101)	FY 08-09 Revenue (Total \$9,116)
Membership	\$833	\$801
Grants	\$4,453	\$5,391
Services & Others	\$2,815	\$2,924

ABAG Financial Indices *Actual vs Projected Expenses--FY 09-10* *Year to Date (\$'000)*



ABAG Financial Indices *Actual vs Projected Revenues--FY 09-10* *Year to Date (\$'000)*



Description of Charts

Figure 1 -- Cash on Hand

Cash on hand represents the sum total of cash deposited at our bank and the Local Agency Investment Fund (LAIF). This chart shows fluctuation patterns of cash on hand for the current and last fiscal years.

Figure 2 -- Accounts Receivable

Accounts receivable tracked by this chart include receivables generated by grants and service programs over two fiscal years. This chart reflects the reasonableness of our receivable levels. We usually have about six weeks' worth of our annual revenues in receivables.

Figure 3 -- Current Month Revenues and Expenses

Presents month by month total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall current month net surplus (or deficit) for the agency.

Figure 4 -- Year-to-date Revenues and Expenses

Presents year-to-date total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall year-to-date net surplus (or Deficit) for the agency.

Figure 5 --Fund Equity

Presents general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building bond interest, building maintenance, self-insurance and capital. These restricted equities represent the agency's equities set aside for specific purposes as approved by the Finance and Personnel Committee. Total equity is the sum total of general and restricted equities.

Figure 6 -- Indirect Cost Rate (% of Direct Labor Cost)

This chart shows a comparison between the actual indirect cost rate and the approved rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with OMB A-87.

Figure 7 -- Composition of Expenses

This chart compares expenses for current and last fiscal years. It groups expenses into two broad categories -- payroll costs and other expenses.

Figure 8 -- Composition of Revenues

Presents a break down of total revenues into four main sources -- membership, grants, services and others. This chart compares revenue sources between current and last fiscal years.

Figure 9 -- Actual vs. Budgeted Expenses

Presents a comparison of actual and budgeted total expenses as well as component categories: payroll costs, consultants and other expenses.

Figure 10 -- Actual vs. Budgeted Revenues)

Presents a comparison of actual and budgeted total revenues as well as component categories: membership dues, grants, services and other.

TO: Finance and Personnel Committee

DT: February 26, 2010

FM: Herbert Pike, Finance Director

Re: Financial Reports
--January 2010

The following are highlights of the financial reports for January 2010.

Cash on Hand (Figure 1)

Cash on hand increased to \$1.47 million on January 31st from \$0.94 million on December 31. The increase is largely attributed to the receipt of some \$500 thousand of Bay Trail funds that have yet to be expended. The January balance includes approximately \$1.04 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The January 31st cash balance is approximately \$230 thousand more than the prior year, the latter being attributed to more timely reimbursement from granting agencies, especially the State.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$3.68 million on January 31, an increase of \$406 thousand from the month prior. Upwards of half the increase is attributed to the pending approval by CalTrans of ABAG's indirect overhead rate, until which time the billed overhead reimbursements are suspended. The balance of the increase results from more personnel time committed to grant-reimbursable projects (following the holiday season). Compared to December 31 of the year prior, the total reflects an increase of approximately \$253 thousand.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses through January 31 amounted to about \$9.92 million, or 43.10 percent, of projected annual expenses of \$23.01 million for FY 09-10.

Actual vs. Budgeted Revenues (Figure 10)

As of January 31st, total revenues amounted to about \$9.57 million, or 41.77 percent, of projected annual revenue of \$22.91 million for FY 09-10.

As of January 31st, both revenues and expenses are below "projected" annual totals. While revenues and expenditures might be expected to be 58.3 percent after the first seven months of the new fiscal year, they are less than projections, largely due to the timing of consultant and sub-contractor expenses that lag in getting the billings in for the work performed and, consequently, getting billed and reimbursed for completed work. Consultant and sub-contractor expenses may be expected to accelerate during the balance of the fiscal year.

Fund Equity (Figure 5)

As of January 31st, general fund equity was approximately \$706 thousand, a decrease of \$99 thousand from December 31st. The Agency's restricted fund equity, consisting of capital, self-insurance and building maintenance, remained unchanged at \$510 thousand.

Indirect Cost (Figure 6)

The agency's actual indirect cost (overhead) rate was 43.79 percent of direct labor cost as of January 31, or about 0.84% above the budgeted rate of 42.95 percent for FY 09-10. Most of the excess charges are due to revised allocations of employees' time between Agency Administration/Communications and General Overhead. These issues have been identified and rates are expected to further converge toward the expected rate over the next several months.

Overall (Figures 3, 4, 7 & 8)

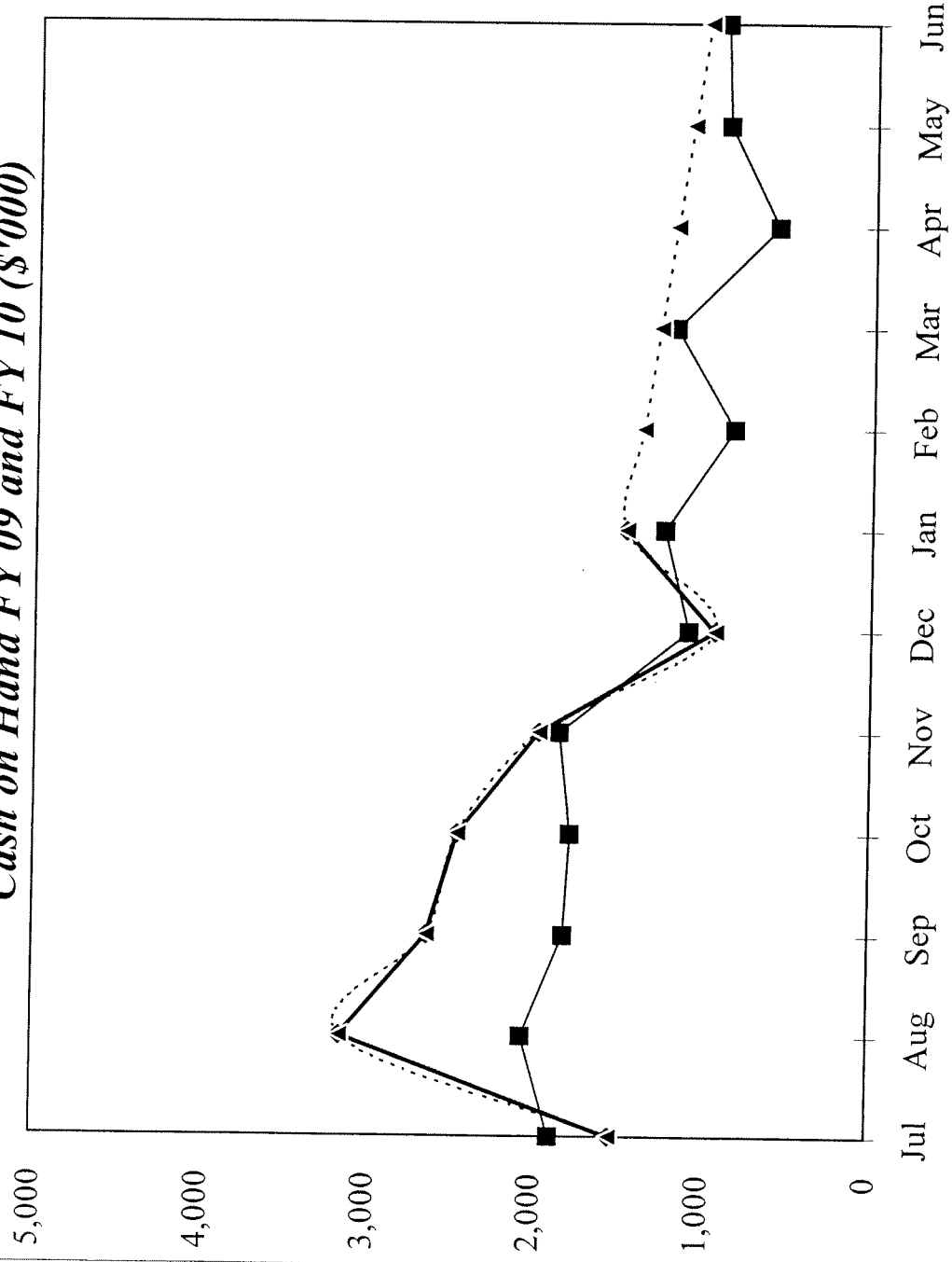
At January 31, the Agency's net financial position is reasonably close to forecast with a deficit of roughly \$347 thousand, or 3.63 percent of year-to-date revenues. While the cash balance was temporarily relieved by the receipt of Bay Trail RDP funds, it is committed to Bay Trail construction projects that will need to be paid. The rebound of the Agency's financial position should occur during the balance of the fiscal year as the relative reduction in vacation and holiday leave results in higher percentage of labor costs to be charged against grant reimbursable activities.

ABAG FINANCIAL REPORTS

Table of Contents

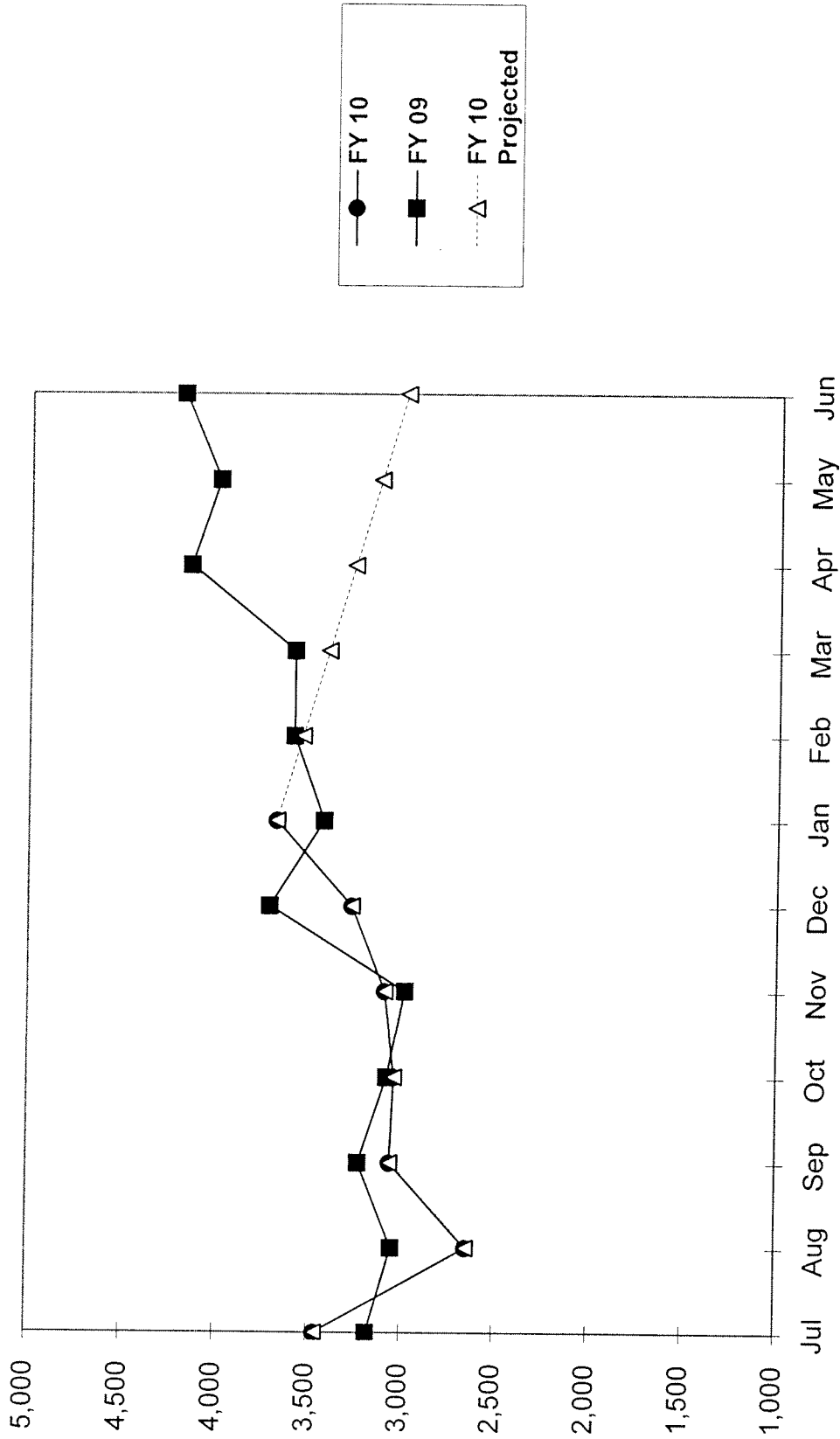
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ABAG Financial Indices

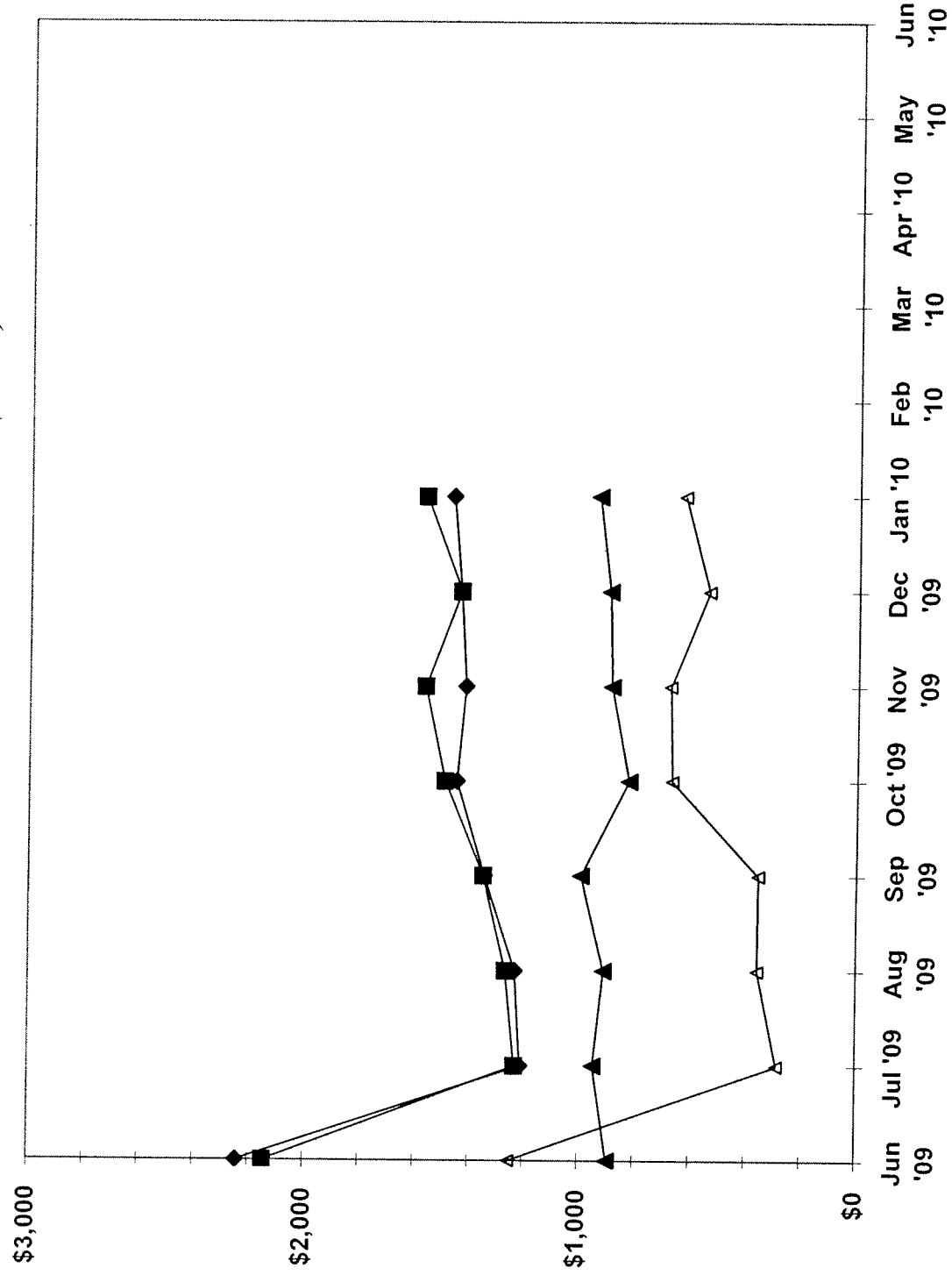
Accounts Receivable FY 09 and FY 10 (\$'000)



ABAG Financial Indices

Current Month Revenues & Expenses

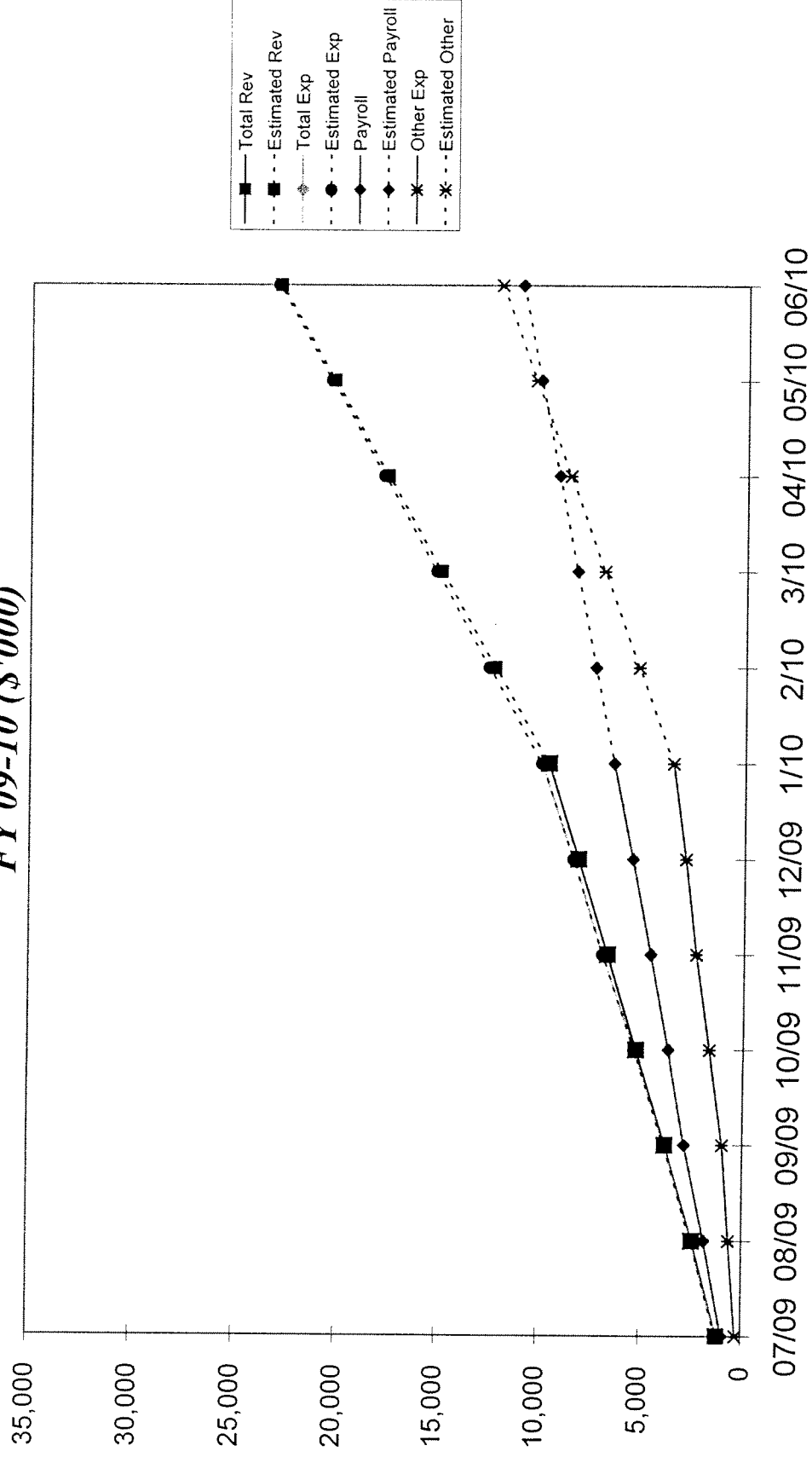
FY 09-10 (\$'000)



ABAG Financial Indices

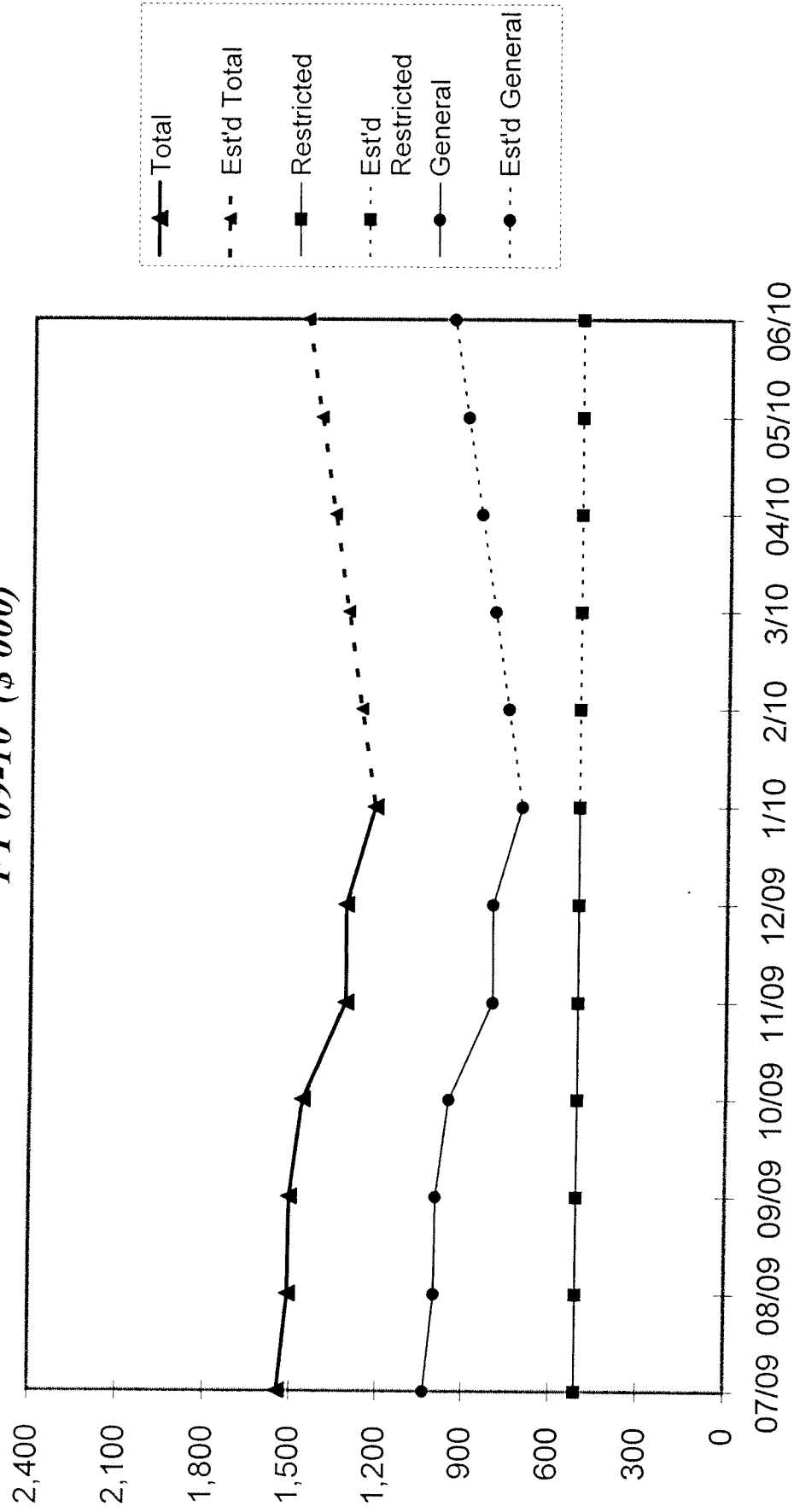
Year-to-date Revenues & Expenses

FY 09-10 (\$'000)

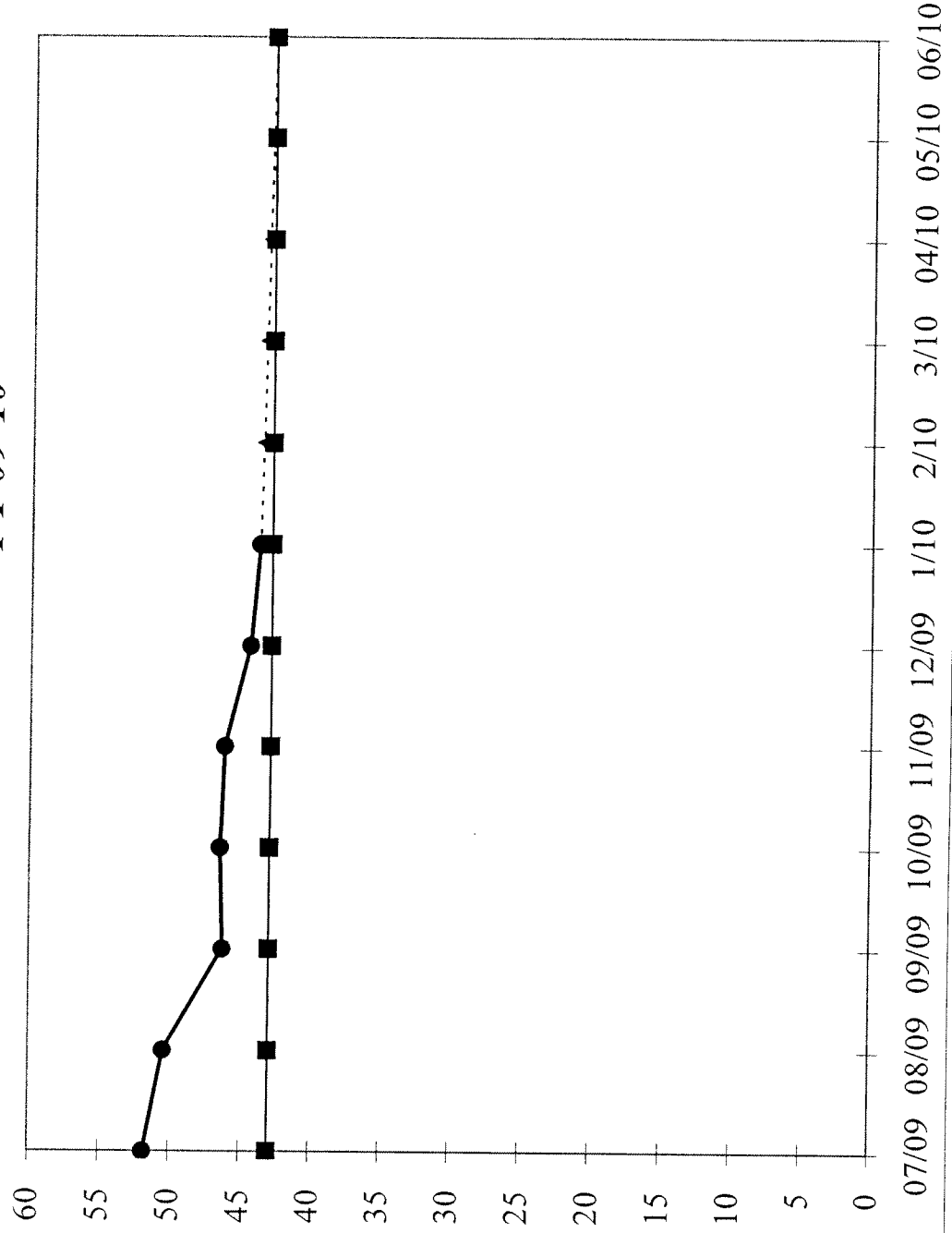


ABAG Financial Indices

Fund Equity
FY 09-10 (\$'000)



ABAG Financial Indices *Indirect Cost Rate (% of Direct Labor Cost)* **FY 09-10**

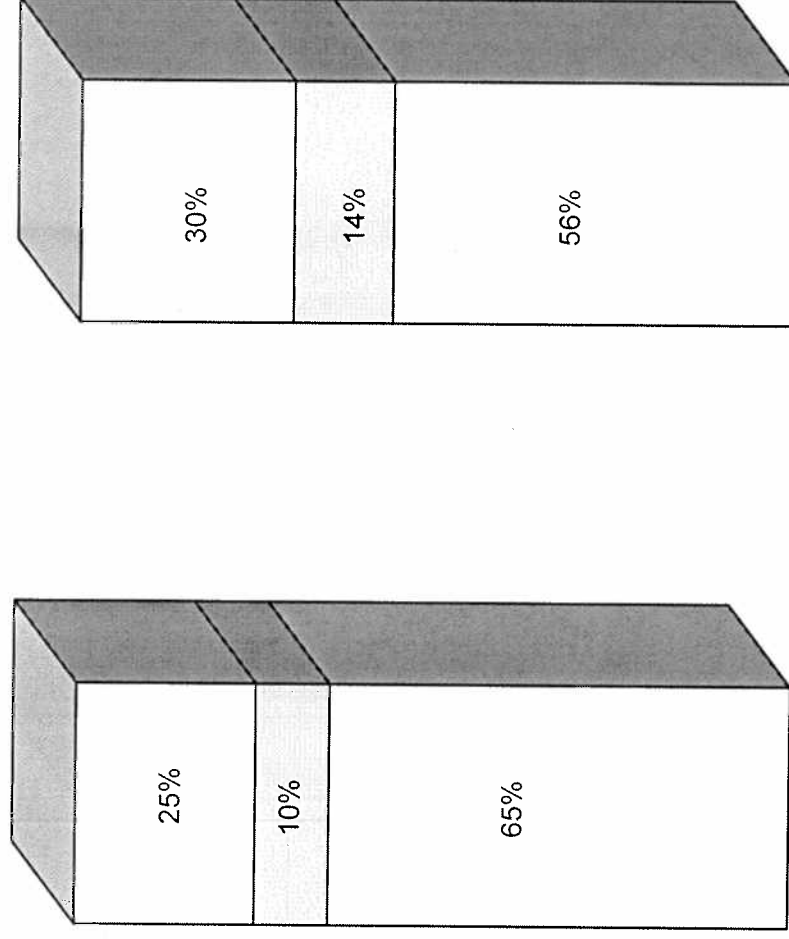


ABAG Financial Indices

Composition of Expenses FY 09--FY 10

Year to Date

(\$'000)



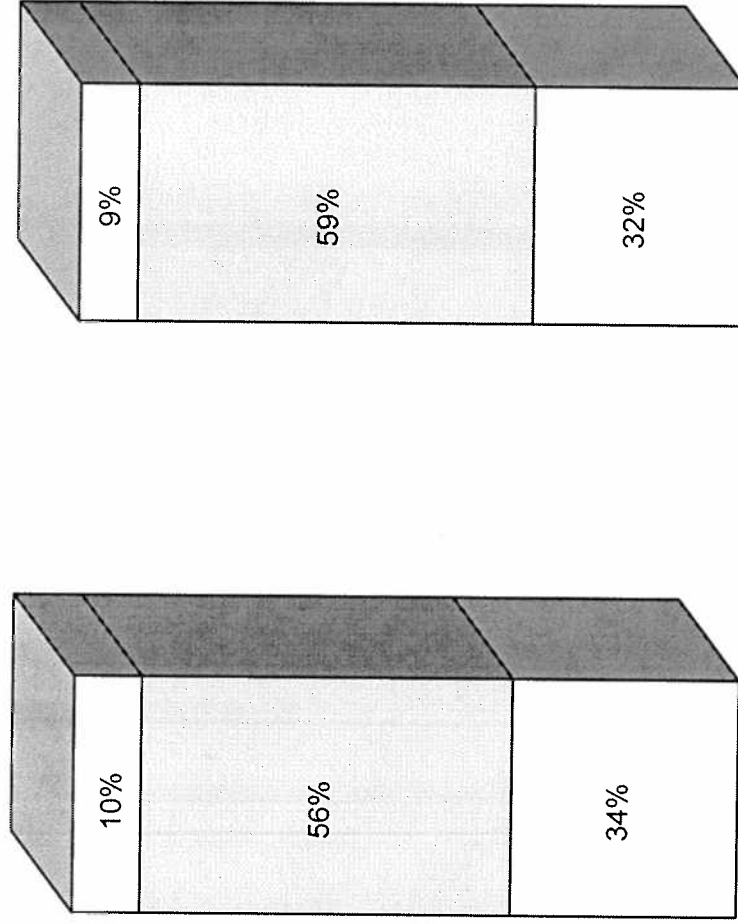
	FY09-10 Expenses (Total \$9,917)	FY08-09 Expenses (Total \$10,811)
□ Consultants	\$2,487	\$3,215
□ Others	\$1,027	\$1,510
□ Payroll	\$6,403	\$6,085

ABAG Financial Indices

Composition of Revenues FY 09--FY 10

Year to Date

(\$'000)

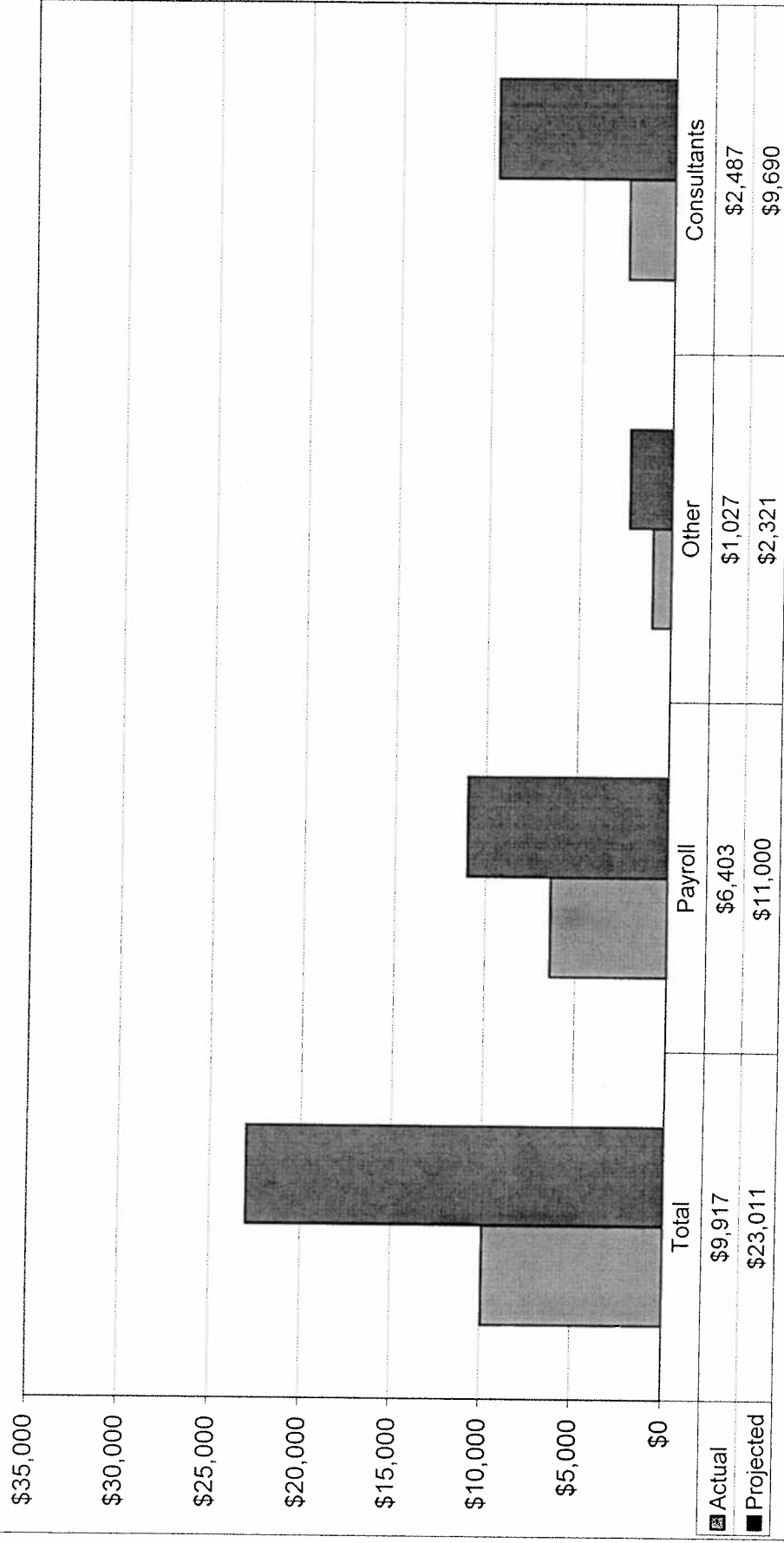


	FY 09-10 Revenue (Total \$9,570)	FY 08-09 Revenue (Total \$10,628)
Membership	\$971	\$935
Grants	\$5,362	\$6,339
Services & Others	\$3,237	\$3,354

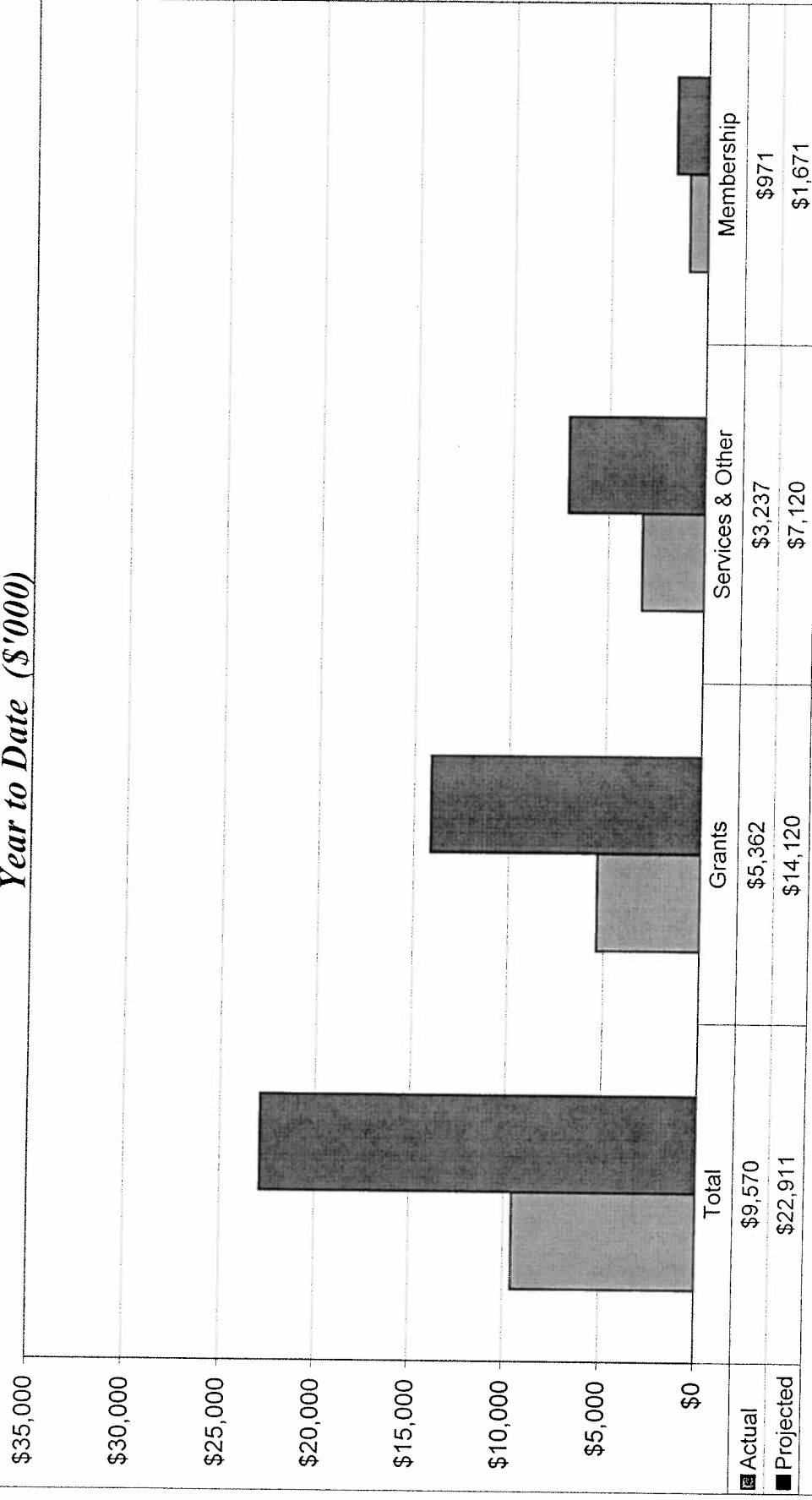
ABAG Financial Indices

Actual vs Projected Expenses--FY 09-10

Year to Date (\$'000)



ABAG Financial Indices *Actual vs Projected Revenues--FY 09-10* *Year to Date (\$'000)*



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March 1, 2010

TO: Finance Committee

FM: Herbert L. Pike, Finance Director

RE: **ABAG Financial Support to the Bay Area Council Economic Institute—FY 10-11**

The Bay Area Council Economic Institute (BACEI), formerly Bay Area Economic Forum is a partnership of ABAG and the Bay Area Council (BAC). It was formed in 1988 as a public-private partnership of business, government, university, labor and community leaders to analyze and implement programs to strengthen the region's competitive economy and quality of life. ABAG currently appoints 1/3 of the BACEI Board members and provides a variety of other ongoing support to the BACEI's programs.

The BACEI obtains its funding from a variety of sources, including Bay Area Council, ABAG, grants, contracts and other fund-raising activities. ABAG has been providing financial support to BACEI over the past several years: \$100,000 in FY 2002-03, \$70,000 in FY 2003-04, \$60,000 in FY 04-05, and \$50,000 annually since FY 2005-06.

Attached is a summary of BACEI's major program activities for the past year as well as continuing and new program initiatives going forward.

Staff Recommendation

Continue to work with the BACEI staff and Board of Directors to analyze and implement programs to strengthen the region's economy and competitiveness. Staff is requesting authorization for the FY 2010-11 ABAG support to BACEI in the amount of \$50,000.

Attachment



Bay Area Council Economic Institute

The Bay Area Council Economic Institute is a public-private partnership of business, labor, government and higher education that works to support the economic vitality and competitiveness of California and the Bay Area. Its work builds on the twenty-year record of economic analysis and policy leadership of the Bay Area Economic Forum, which merged with the Bay Area Council in January 2008. The Association of Bay Area Governments (ABAG) is a key institutional partner. The Economic Institute also supports and manages the Bay Area Science and Innovation Consortium (BASIC), a partnership of Northern California's leading scientific research institutions and laboratories.

Through its economic and policy research and partnerships, the Economic Institute addresses major issues impacting the competitiveness, economic development and quality of life of the region and the state, including infrastructure, globalization, science and technology, and governance. By providing fact-based economic analysis, and by convening leaders from diverse communities and sectors, the Institute provides the intellectual infrastructure for policy initiatives that impact the competitiveness of the state and regional economies. Recent Institute priorities have included: reforming California's electricity markets; using public-private partnerships to expand California's infrastructure; state budget reform; the re-design of California's international trade and investment programs; human capital; building bridges to key global partners such as China, Canada and India; advancing policies that support technology and business innovation; advancing the Bay Area's leadership in renewable energy technology; bringing new research funds and programs to the Bay Area; and economic education.

The Institute's Board of Trustees, which oversees the development of its products and initiatives, is composed of leaders representing business, labor, government, higher education, science and technology, philanthropy and the community.

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George Scalise, President, Semiconductor Industry Association
Robert Schroder, Mayor, City of Martinez
Eugene A. Washington, MD, MSc, Executive Vice Chancellor, UC San Francisco
Jim Wunderman, President & CEO, Bay Area Council



Bay Area Council Economic Institute

2009-2010 Program

In 2009 the major focus of the Economic Institute was on the economic recession and strategies for attracting stimulus funds. It also produced focused studies on the Bay Area economy and issues that will impact its competitiveness, and followed up on these and earlier reports by convening community partners to address regional economic priorities and build bridges within and outside the Bay Area.

The Institute's 2010 program will include production of several major reports on the regional economy and on state-level issues impacting the Bay Area. In choosing these issues, priority will be given to strategies for near-term economic recovery and long-term economic competitiveness, and to the region's global engagement. Special attention will also be given to industries such as clean tech that have particular promise for regional growth and leadership.

Administratively, the Institute operates with a staff of four, including the President/CEO, a Vice President responsible for its science and technology affiliate BASIC (the Bay Area Science and Innovation Consortium), a Senior Analyst and Vice President for Global Initiatives, and an Executive Assistant. It is continuing to expand its outreach to local government leaders, state and federal executive and legislative leaders, and the economic development, businesses, labor, educational and civic organizations that are its partners. The Institute functions as the Bay Area's leading organization for public-private leadership on economic issues across sectors and communities, as its leading source of analysis on the regional economy, and as a trusted convenor in the region's civic and economic communities.

2009 Reports and Programs

Economic Stimulus: Bay Area Economic Recovery Workplan

At the request of the California Business, Transportation and Housing Agency (BT&H) the Institute prepared an analysis and recommendations to prioritize the allocation of federal stimulus (AARA) dollars flowing to the region through the state. Delivered in June, the Bay Area Economic Recovery Workplan has been used by state agencies in deciding the allocation of federal stimulus funds to the Bay Area, and to support the alignment of other state resources and policies with regional economic priorities.

The Bay Area Council
Economic Institute
is a public-private partnership
of business, labor, government
and higher education
that works to support the
economic vitality and
competitiveness of California
and the Bay Area

Website
www.bayareaeconomy.org

E-mail
gerrie@bayareacouncil.org

201 California Street
Suite 1450
San Francisco, CA 94111
(415) 981-7117
Fax: (415) 981-6408

Approximately 475 project proposals were received through an online process reviewed by staff and expert teams, and categorized as either “strategic”, “significant” or “other”. Regional outreach to potential proposers was through the region’s leading economic development organizations, supplemented by direct outreach to the Bay Area’s Congressional and Sacramento delegations, and to mayors, city administrators and county supervisors. Follow-on forums were held in Sacramento with state agencies, and with economic development and other partners in the Bay Area. The Economic Recovery Workplan effort has been held out by the Brookings Institution in Washington, D.C. as the premier national model for regional organization for stimulus funding and for the alignment state and metropolitan spending priorities.

Managing Recession

In July, the Institute released its report *Managing Recession: Strategic Responses to the Economic Downturn*. The analysis, produced with support from Booz & Company, was based on interviews with sixty senior executives in a range of industries, and assessed both near-term strategies for managing the recession, and long-term strategies to competitively position companies for eventual recovery.

Bay Conservation and Development Commission (BCDC)

In September the Institute produced a joint study with the San Francisco Planning and Urban Research Association (SPUR), for the Governor and the Legislature, on future options for the governance and funding of BCDC. The analysis was prompted by a proposal in the Governor’s budget to defund BCDC as a state agency, converting it to a regional agency with unspecified funding support.

Bay Area-India

A two-year project was completed in November with the release of *Global Reach: the San Francisco Bay Area’s Emerging Ties with India*, which documents the region’s deep economic and other ties with one of the world’s two fastest growing economies. Release events were held in Silicon Valley, in partnership with The Indus Entrepreneurs (TiE), and in San Francisco in partnership Commonwealth Club. Two release events followed in India in December: in Bangalore in partnership with the San Francisco-Bangalore Sister City Committee, and in New Delhi in partnership with the National Council of Applied Economic Research (NCAER.)

Bay Area Economic Forecast

The third annual Bay Area Economic Forecast, produced jointly with Beacon Economics, was released with public events in San Francisco, Oakland and San Jose in September. The forecast was customized for each sub-region, and approximately 300 people attended each event. A regional compilation of the forecasts was subsequently released by the Institute in electronic format.

BASIC

The Bay Area Science and Innovation Consortium, through a fellowship at Stanford University, produced an assessment of the Bay Area's role in global innovation networks.

Climate Bay Area

In July the Joint Policy Committee voted to create Climate Bay Area, a partnership jointly managed by the JPC and the Economic Institute. Climate Bay Area's goal is to support, link and leverage the more than twenty-six otherwise unconnected climate initiatives currently underway in the region, to increase their effectiveness, and provide a bridge to the statewide climate goals established by AB 32 and SB 375 and the policies of the regional agencies. Climate Bay Area's first general meeting was held at the Brower Center in Berkeley in November.

Forums

The Institute organized or co-organized numerous public conferences and forums, including a US-China Green Cities conference in San Francisco in May, and The Innovation Summit@Mission Bay held in August. Keynote participants at the Summit included House Speaker Nancy Pelosi and California Business, Housing and Transportation Secretary Dale Bonner, and San Francisco Mayor Gavin Newsom.

2010 Reports and Programs

Bay Area Economic Profile

The 2010 *Bay Area Economic Profile*, the seventh in a series produced bi-annually with support from McKinsey & Company, will be released in April. The report will compare the Bay Area's economic performance with other regions in the U.S. and globally, and assess the condition of the economy as it emerges from recession. It will also identify core issues that require attention from business, government and civic leaders if the region's growth and economic competitiveness are to be sustained.

Other Anticipated Reports

Several other reports are in development or under consideration, including:

An analysis of post-recession business plans and strategies, building on the Institute's 2009 *Managing Recession* report.

A report for the State on public-private partnerships (P3) for infrastructure development, and how California can attract investment and accelerate deal-flow for transportation projects;

A study on public sector employee health care and pension liabilities, the implications of current trends, and possible paths forward;

An assessment of globalization in the Bay Area. The data, on everything from trade and investment to demographics to which foreign languages are spoken, will be presented as a series of regional maps;

Studies of the Bay Area's economic and other ties with Japan and Mexico.

BASIC

The Bay Area Science and Innovation Consortium will launch a new website designed to engage science and technology innovators, highlight Bay Area strengths in R&D, and inform the public on emerging science and technology issues.

Global Green Cities

As a follow-on to its 2009 report on the Bay Area's ties to India, and ongoing work in China, the Institute has begun work on a major international symposium in September titled *Global Green Cities of the 21st Century*, with expected participation from Europe, India, Asia, Canada and South America. Key institutional partners will include the London School of Economics and Deutsch Bank. Content will focus on sustainable urbanization, and draw on domestic and overseas participants from city and state governments, universities, and businesses including engineering, energy, cleantech, architecture and urban planning. As the host region, the conference will highlight the experience and capabilities of business and governments in the Bay Area, as well as visiting experts from developed and emerging economies.

Bay Area – India

Also as follow-up to its 2009 India report, the Institute will work to reform U.S. visa and immigration policy as applied to green cards, with the objective of making green cards (permanent residence) available on an accelerated basis for graduates of the U.S. universities with advanced degrees in designated disciplines (e.g., computer science,) or for skilled immigrants who found or invest in companies that hire U.S. workers. The Institute will also work with the Bangalore-San Francisco Sister City Committee and other regional partners to support the opening of a U.S. Consulate in Bangalore (where most Bay Area technology companies in India are located.)

Climate Bay Area

Planning will accelerate for specific programs and activities to be undertaken by Climate Bay Area that will deliver value for its governmental and non-governmental partners, and help make the Bay Area the premier model in California and the nation for effective climate change management.

Disaster Recovery

The Institute is supporting ABAG's request for federal support for a planning grant for regional disaster recovery.

Bay Area Economic Forecast

The Economic Institute will produce the fourth edition of its Bay Area Economic Forecast series with Beacon Economics in September, with public forums in Oakland, San Jose and San Francisco.

MEMO

TO: FINANCE & PERSONNEL COMMITTEE
ASSOCIATION OF BAY AREA GOVERNMENTS

FR: KENNETH K. MOY
LEGAL COUNSEL

RE: LEGAL COUNSEL - PERFORMANCE EVALUATION, FY 2010-11 DT: MARCH 4, 2010

For my performance evaluation, I intend to continue to follow the process in place for the past three years. To that end, I propose to send a memorandum describing accomplishments since my last review and proposing goals for FY 2010-11 to all committee members by April 16, 2010.

The committee's consideration of the memorandum and evaluation of my performance will occur at its May 20th meeting.

AGENDA ITEM 6